GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1726
ANSWERED ON:01.08.2003
RECOVERY OF BANK LOANS
CHANDRA BHUSHAN SINGH

Will the Minister of FINANCE be pleased to state:

(a) whether the Government are aware that certain banks in public sector as well as in private sector are using muscle power to recover the money of loan given;

(b) if so, the details thereof ?

(c) whether the RBI has received any representation urging the banks to resist from using muscle power to recover the loan amount;

(d) if so, the details thereof; and

(e) the steps taken by the Reserve Bank of India to ask the banks not to make use of muscle power to recover the loan amount ?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI ANANDRAO V. ADSUL)

(a) to (d):As per Reserve Bank of India (RBI) some complaints have been received against few foreign banks regarding use of force/threats for recovery of loans mainly pertaining to credit cards dues, Auto/Car loans etc. However, the concerned foreign banks have denied the allegations and have informed RBI that they have advised their recovery agents to be polite / not to call on odd hours while calling on customers for recovery of loans.

(e): RBI has issued guidelines to banks on Fair Practices Code for lenders on 5th May, 2003 wherein the banks were advised as lenders not to resort to harassment viz. persistently bothering the borrowers at odd hours, use of muscle power for recovery of loans etc.